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| TO: Chief of Station, <input type="checkbox"/> <input checked="" type="checkbox"/> | | MARKED FOR INDEXING NO INDEXING REQUIRED ONLY QUALIFIED DESK CAN JUDGE INDEXING INDEXING | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FROM: Chief, SB via Chief, EUP. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SUBJECT: REDTOP/UNWAX, <input type="checkbox"/> <input checked="" type="checkbox"/> Agent Assets in Hungary. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ACTION REQUIRED - REFERENCES Action: As outlined in paragraph 4. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>1. On numerous occasions since 1 December 1970, we have asked the Station to query <input type="checkbox"/> <input checked="" type="checkbox"/> regarding the four agent assets in Hungary who he claims are associated with civilian and military aspects of the Hungarian railroad system. Most of our questions remain unanswered (see Attachment A for a list of references to correspondence on these cases).</p> <p>2. In the absence of sufficient information on the access and reporting reliability of these sources, we have found enough problems in their reporting to cause us to question their bona fides--and even their existence. The possibilities range from <input type="checkbox"/> <input checked="" type="checkbox"/> indeed having agents in place in Hungary to their dealing wittingly or unwittingly with a fabricator. In view of the possibility that <input type="checkbox"/> <input checked="" type="checkbox"/> has in-place sources in Hungary who might be trained and guided to report on military activity in response to priority requirements, we believe the time has come for the Station to make a concerted effort to obtain from <input type="checkbox"/> <input checked="" type="checkbox"/> enough information for us to reach an informed judgement about these cases.</p> <p>3. Reporting from these sources is now widely disseminated to U.S. elements in the field and at Headquarters as well as to other NATO countries and in one rather spectacular case (the "Opal-71" maneuvers) caused considerable confusion in the European theater and in Washington. If the sources are bona fide, we hope that <input type="checkbox"/> <input checked="" type="checkbox"/> will let us collaborate in exploiting them for the highest priority information to which they have access. On the other hand, if we determine that their bona fides cannot be established, we will want to take steps to keep the material from contaminating the holdings of the NATO community.</p> <p>4. With this in mind we have prepared as Attachment B a detailed review of the problems we see with regard to these sources.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>See OIRA-65152 13-Mar-72</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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who have been identified by ☐ as ALPHA, BETA, GAMMA and DELTA. We request that the Station study this background material together with previous correspondence and do what it can to resolve our questions through discussions with appropriate ☐ officers. We have no objection to release of any of the information in the review to ☐

Attachments:

- A: List of References
- B: Review of ☐ Hungarian reporting

Distribution:

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Attachment A to
OIRS-11985

List of References

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| 1 December 1970 | DIRECTOR-090828 |
| 22 February 1971 | [] 6749 |
| 3 March 1971 | DIRECTOR-116397 |
| 5 March 1971 | [] 16936 |
| 11 March 1971 | [] 16852 |
| 24 March 1971 | DIRECTOR-123762 |
| 7 April 1971 | [] 17403 |
| 30 April 1971 | [] 17769 |
| 30 April 1971 | [] 17770 (OIR-44980) |
| 24 May 1971 | DIRECTOR-143619 |
| 11 June 1971 | OIRW-29423 |
| 24 June 1971 | [] 18640 |
| 21 July 1971 | DIRECTOR-164399 |
| 12 August 1971 | [] 19284 (OIR-45231) |
| 12 August 1971 | [] 19283 |
| 12 August 1971 | [] 19261 |
| 13 August 1971 | DIRECTOR-170291 |
| 9 September 1971 | OIRT-15732 |
| 11 December 1971 | [] 20852 |
| 13 December 1971 | DIRECTOR-211112 |

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Attachment B, to
OIRS-11985

Review of Problems Relating to [] Assets in Hungary

1. As will become apparent from the detailed discussion below, we cannot make an inferred judgement about [] four in-place assets in Hungary without knowing more about their access, their bona fides and their communications channels. We believe this review will illustrate the need for clarifying numerous points relating to these three areas of interest..

2. In November 1970, a unique report was received from [] consisting of daily sighting reports of Soviet military shipments from Zahony, the only existing Soviet-Hungarian rail transshipment point. These sightings, covering a time span of three to four months and containing an unusual amount of detail, were prima facie evidence of the existence of an internal [] asset, trained and in-place in Zahony. However, if this were not the case, the likely alternate explanation was that the reports were fabricated by a person or persons unknown, for ulterior motives.

3. Taking the more optimistic conclusion, we immediately called the Station's attention to these reports and requested that they attempt to obtain all pertinent operational details for the tailoring of requirements and assessments of this source. [] acknowledged his source was in-place and stated he was willing to accept requirements. He cautioned, however, that this source was providing information of variable reliability and then later stated that although this asset's reporting was believed to be "accurate regarding railroad information it was less so in other subjects".

4. We forwarded follow-up questions and continued to press for the operational background information needed to handle the case and the information intelligently. In particular we were concerned about source's bona fides and what efforts had been made by [] to establish it and to determine source's access.

5. In May 1971, [] finally told the station that there was not one but that there were three Hungarian in-place assets reporting on the Hungarian railroad system. Whereas this resolved some of the enigmas of the case, it gave rise to others. At our behest, [] encrypted these assets as ALFA, BETA and GAMMA, and disclosed that:

A. ALFA was engaged in the civilian aspects of the railroad system.

B. BETA was in Zahony, but circa April 1971 he was

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transferred to Debrecen. He was associated with the military aspects of the railroad system.

C. GAMMA was also associated with the military aspect of the railroad system.

6. In response to the Station's (probably [] request we reluctantly forwarded a comprehensive list of requirements pertaining to the military aspects of the Hungarian railroad system, despite our general ignorance of the access of these sources.

7. On 21 October 1971, [] informed us that BETA had been replaced in Zahony by a new source, DELTA. To date we have received two reports from this source, both of which exemplified the same problems we were having with BETA's reports. (We discussed these DELTA reports in detail in DIRECTOR-211112.)

8. Regarding the needed operational information, we still know nothing beyond the above. Hence, here are some of the problems:

A. ACCESS. In which organization(s) are ALFA, BETA, GAMMA, and DELTA serving and at what level? There appears to be a Directorate of Military Transport (KSzV) which is an independent section of the Hungarian Ministry of Defense and we speculate that GAMMA could be connected with this group. The KSzV supposedly has an operating branch called the Central Military Transport Directorate (KKSzV) within the MAV (Hungarian State Railroads). It is possible that BETA (and now DELTA) is associated with this group and was assigned to Zahony to handle Soviet military shipments. (BETA is now reporting on modernization and construction of Hungarian railroad lines and even roads.) ALFA is more than likely employed with the MAV, possibly in Budapest. In addition to knowing with which organization these assets are associated, we also need to know at what level they are serving, whether they are signal men, yard men, executives, planners or military officers. If they are in the armed forces, what rank do they hold?

ALFA is by far the most prolific of the four sources and the majority of the 15 identified ALFA reports have concerned the expansion and modernization of railroads in the area around Budapest, in the vicinity of the upper and lower Danube, and in western Hungary. Both JKIANCE and LNSHOE analysts have found this reporting to be generally accurate but also concerning subject matter that is well covered by the overt media. For example, ALFA report 06.81/5778 with a DOI of March 1971 contained fragmentary information on the construction of a railroad tunnel at Abaliget on RR Line No. 10. The tunnel construction was subsequently reported in much more detail in a Hungarian newspaper of 4 July 1971.

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If ALFA has access only to civilian matters, how did he gain access to information on the Opal 71 military maneuvers (QIR-45231)? Exactly which paragraphs were ALFA's contribution? He reported on a conference held in Zahony (DOI 30 June 1971). How did he acquire this information and why didn't BETA report it? Does ALFA travel in connection with his business?

BETA: His identification of some of the military equipment in his original Zahony sighting reports seemed doubtful. We rechecked it with [] who first stated that the Zahony report "was based on first-hand observation." Then later he said that BETA did not personally see the equipment. When we pressed for more information on the so-called "BTR-65" (which we doubt exists), [] stated that "the mention of the non-existent BTR-65 was the result of the distraction of a [] officer who prepared the report", and in the final communication on the subject (QIRT-15732, 9 September 1971) [] reported that BETA described the BTR-65 as a later model of BTR-50." This same dispatch also forwarded other information from BETA which was in response to our queries regarding some of the questionable equipment he claimed to have seen. However, his attempt to clarify his information served to negate his expertise on Soviet equipment. His reporting indicated that he was exposed to the equipment and nomenclature and did know something about it, but he was confusing designations and characteristics. Because this confusion casts serious doubt on the remainder of BETA's information, more precise information on his training, background and access is needed for us to judge his reporting ability.

If BETA left Zahony for Debrecen in April 1971 as [] told us, what was his access to information on Zahony which he supplied with the date of information of July 1971? We also note that this report (QIRT-15777, 06.81/9259/RIC) was not a detailed chronology of rail movements but an analysis of the traffic, and a very general analysis at that. For example, he stated that in a two-week period troop transfers were "moderate". Personnel strength on the convoys was 100-120 men entering the USSR and 150-200 men entering Hungary; 60 percent of the Soviet personnel were sent to garrisons in Eastern and Central Hungary; destination of the traffic varied but the "majority" went to central Hungary and Baja. This type of report is too generalized to have intelligence value. In another report (QIRT-15697 06.81/8360/RIC) he again submitted his analysis of the situation in Zahony without the basic facts. In this report, dated 3 July 1971, he stated that in the past three or four weeks "there was an increase in shipments of war materiel from the USSR to Hungary." The Soviet military headquarters at Zahony has been considerably strengthened since 1 May 1971". We cannot interpret what the significance or the amount of the "increase" could be. We do not know the strength or composition of the Soviet military headquarters at Zahony, but this is the type of information

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we would like BETA (now DELTA) to obtain for us. Thus this report also is unusable as intelligence. With this pending for analysis, we wonder if perhaps BETA might have been the one most responsible for the Opal 71 report cited above, in which the source drew hasty conclusions and made faulty analysis. This type of reporting from BETA is very much out-of-pattern when compared with the daily Zahony sighting reports we used to get from him.

Furthermore, if BETA was in Zahony in July (or even in Debrecen) how did he acquire the information (DOI May 1971) on the Szolnok Railroad Station? (We note, however, that BETA's reports on railroad improvements in northeastern Hungary would seem to be at least geographically consistent with his reported location in Debrecen.)

GAMMA, who appears to be the most interesting of the lot, could be in the KSzV, which is associated with the Defense Ministry, and might therefore have access to classified documents and information on a ministerial level. His reports on the military railroad maneuvers were of considerable interest and, as noted in the LNSHOF evaluation, appeared credible. However, we know little about the subject from other sources. His follow-up report on the KSzV is intriguing. We have no firm data base on the Hungarian General Staff with which to compare this information, but we note that GAMMA states that the Hungarian staff is patterned after the Soviet staff. DS-295, the Czechoslovak military transportation specialist, stated that the Czechoslovak military railroad organization was patterned after the Soviet organization and that the organization at Zahony was identical to the one at Cierna nad Tisou, CSSR. GAMMA states (OIRP-15777, 06.81/9261/RIC) that the KSzV comes under the General Staff under Group 7K. According to DS-295, the Czechoslovak military transportation organization (KSVD) was directly subordinate to Division 7 of the General Staff but was later placed under the control of the Military Administration for Military Transportation at Kosice. We would therefore like to use DS-295's data as a basis to test GAMMA's bona fides as well as DELTA's and BETA's. There is one matter which perplexes us, however, and that is that GAMMA is also reporting on such mundane matters as construction work on highways from Budapest to Esztergom in northwestern Hungary and Budapest to Szolnok in eastern Hungary, and on the construction of a railroad bridge across the Maros River near Mako in southeastern Hungary. We cannot understand the cross-over. As with the other assets it is therefore of considerable importance to ascertain GAMMA's access.

DELTA has already been discussed in detail in DIRECTOR.

B. ESTABLISHMENT OF BONA FIDES: ☐ ☐ only two has alluded to bona fides in connection with these sources. These comments concerned only BETA (see Paragraph 3 above).

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Otherwise, our questions concerning the bona fides of these Sources have been left unanswered. [] statement that BETA's reliability was "less so in other subjects" indicated that they had previous reporting from him on which to base this judgement. Although we long ago asked for his previous reports, to date we have had no response to this query. If we can ascertain what access these individuals purportedly have, we can pose test questions, mostly based on DS-295's reporting, in an effort to assess their reliability.

C. CHANNEL OF COMMUNICATION: We realize this is a sensitive matter for discussion with [] but directly related to the reliability and bona fides of these sources is the manner in which they report, whether each is aware of the existence of the other, and whether it is possible that their reports can be misinterpreted somewhere along the line because of poor copy or language. If it is at all possible to raise the subject, we would be very much interested in knowing whether ALFA/BETA/GAMMA/DELTA communicate verbally, in writing, or both and in what language. Is the text of their reports, if written, always of good legibility? Do three of the assets report through the fourth one or does each one report directly to a []-controlled asset, being unaware of the existence of the others? In view of the bulky rail transport sighting reports we must assume that the channel of communication is not too restrictive. We, therefore, wonder how many of the requirements we have forwarded have been levied on the assets, on which ones, and whether they were levied individually or in toto.

D. DISSEM CONTROLS: On the assumption that [] had in-place assets in Hungary, on 24 May 1971 (see DIRECTOR-143619) we voiced our concern regarding the lack of special handling procedures for the reports emanating from these clandestine - and presumably sensitive - assets, requesting that the matter be discussed with []. In the absence of a response, we outlined the problem in detail in OIRW-29423, 11 June 1971, again requesting that the matter of special handling procedures be discussed with [] in an effort to convince him of the need for protecting in-place sources. Our only response to this matter was of 12 August [] 19261) in which the statement was made that [] stated that no special controls are applied." Since we already knew this and since our other questions in OIRW-29423 have never been touched on by the Station, we have concluded - perhaps incorrectly - that these matters have never been discussed with []. Whereas the question of reports handling can be put aside until we determine what protection these sources should have, we would still like the answers to questions such as photographic capability raised in that dispatch.

E. IDENTIFICATION OF PRODUCT: Since May 1971, we have noticed an inordinate amount of [] reporting on the

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Hungarian railroads. We have requested that ALFA, BETA, GAMMA, and now DELTA, production be identified and [] promised to do so, but we are still receiving reports (16 during the period February - December 1971) which look suspiciously like ALFA/BETA/GAMMA/DELTA products but are not so identified. The Opal 71 report was sourced to ALFA/BETA/GAMMA, but was not sourced by paragraph. We are still interested in receiving such information. In the future, we would appreciate the Station's checking with [] on all reports relating to the Hungarian railroad system to determine whether or not they are from ALFA/BETA/GAMMA/DELTA, and if so, which one - prior to forwarding them to Headquarters. To facilitate Headquarters processing, we also request that the Station handle these reports separately from other [] production and submit them as individual OIR reports, fully translated, with the original language copy attached.

9. Throughout this review the potential of these sources to provide military information on the USSR and Hungary has been the dominant theme, which is a reflection of our reason for interest in these sources. For a balanced presentation of the assessment of these sources reliability and access, however, it should be borne in mind that the great majority of reporting from these sources concerns the non-military aspects of the Hungarian railroad system. In spite of the fact that non-military reporting is fragmentary and of only marginal to routine intelligence significance, it has been judged by consumers to be generally accurate and similar to subject matter covered in the overt press (for example, in Vasut, an excellent Hungarian monthly on railroads; and the Railway Gazette International, a monthly British publication). As yet there is no evidence that these sources are deliberately feeding back to us information from such overt media. At least some of the reporting from these sources was received before it appeared in overt publications available here and other reports contained additional details which did not appear in the press but which were accurate or logical when checked against our intelligence holdings.

10. All of the foregoing assumes that ALFA/BETA/GAMMA/DELTA exist and are who [] says they are. However, because of the many peculiarities in this reporting, we cannot exclude the possibilities of fabrication and hostile control. Considering the difficulty of acquiring Soviet Bloc assets, we find it quite unusual that BETA was so readily replaced by DELTA and that DELTA's reports resemble BETA's so closely. In addition there are the other oddities we have noted in this review as well as in DIRECTOR-211112 which concerned DELTA but which also applied to BETA. Needless to say, if the information is being fabricated or stems from a hostile service, we should do our utmost to prevent its circulation in NATO intelligence circles and its acceptance and incorporation in finished intelligence studies. On the

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other hand, if we can establish the bona fides and access of these individuals, then we are prepared to assist ☐ in every way possible to obtain intelligence in direct response to priority national intelligence objectives.

Addenda: OIRT-16009 was received recently, but has not been translated. We will evaluate the DELTA and BETA reports as soon as we receive the translations, but we note that the DOI of DELTA's report is September and that of BETA's report also is September, with the information indicating that BETA may still have been (is?) in Zahony. We also observe that the format of DELTA's report continues to be identical to that of the previous sighting reports of BETA (which we find difficult to accept as coincidental), that DELTA mentions the non-existent "new BTR-65" (under the circumstances we cannot accept this as confirmation of BETA's information), and that BETA is continuing his "new" format of reporting, i.e., semi-analytical.

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